

Notes on Executive Committee meeting
RI Healthcare Reform Commission
Thursday April 18th, 2013
2:00 - 3:30 pm
Department of Administration, Conference Room B
One Capitol Hill
Providence, Rhode Island

- I. The Lieutenant Governor called the meeting to order and congratulated Commissioner Koller and his upcoming role at the Millbank Memorial Fund and thanked him for his creative leadership; focus on primary care, and service to the people of Rhode Island. The Lieutenant Governor began by stating the importance of effective and affordable implementation of the Affordable Care Act. The Lieutenant Governor also thanked the General Assembly for their commitment to working toward better health for all Rhode Islanders.
- II. Achieving the Goal of Affordable Health Insurance Coverage- Elena Nicolella of the Executive Office of Health and Human Services
 - A. Discussion
 1. RI goal of expanding access to affordable coverage through an expansion of Medicaid and the development of the Health Insurance Exchange
 2. This presentation will focus on affordability for those between earning between 133% and 250% of the federal poverty line
 3. Options for mitigation
 - a) Governor's FY 2014 Budget
 - b) Additional Potential Measures
 - B. Medicaid Expansion
 1. 108,000 people will be newly eligible for Medicaid
 2. Assume 50,000 will take the coverage and approximately 27,000 in the first year
 - a) Commissioner Koller asked if the difference would remain with previous insurers, Ms. Nicolella responded that both previous insurers or would choose not to take Medicaid
 3. Monthly premium costs in Medicaid
 - a) The Lt. Governor asked if the table on the slide was in fact based on current figures and not under the expansion,
 4. No point-of-service cost-sharing in Medicaid
 - C. Premiums and Cost Sharing Subsidies

1. Ms. Nicolella discussed premium limits as a percentage of income
2. Without the actual rates
3. The Lt. Governor asked if individuals could access both premium support and cost sharing subsidy, Ms. Nicolella responded that those under 200% of federal poverty could, but not those over 200%.

D. Medicaid and the Exchange

1. No cross eligibility for both Medicaid and subsidies
2. Essential Health Benefits do not include all Medicaid covered services
3. Some families with parents in the exchange will be asked to pay two premiums

E. Affordable Insurance Definition

1. Exchange, employee's required contribution for self-only coverage premiums does not exceed 9.5% of an employee's household income
2. Medicaid, cost sharing cannot exceed 5% of household income
3. Lt. Governor stated that although Rhode Island has a higher cost of living and the affordability definition is a national standard. Ms. Nicolella concurred. The Lt. Governor also asked if the 9.5% applied to individuals or families, Ms. Nicolella stated that the individual plan was the standard for the 9.5%. The Lt. Governor then asked about how spouses and single parents would access insurance if the family plan were unaffordable. Ms. Nicolella SPOUSE child only plans

F. Impact of RItCare/RIt Share Premiums

1. 5,494 active families with income between 150% - 200%
2. 1904 families or 35% lost RIt Care coverage for failure to pay the premium cost share.
3. If a payment is missed, coverage ends for a period of four months
4. These payments are roughly 3% of total household income

G. Gruber Study

1. Fewer than 10 percent of families above the federal poverty level do not have room in their budgets for premiums and typical out-of-pocket costs after paying for necessities
2. The major risk to affordability was not the premiums but the out-of-pocket costs
3. 200% to 300% were the most at risk group
4. Those that are single are also at increased risk

- H. Premium stacking- families that pay both RIght Care and private premiums
- I. Mitigating provisions in FY 2014 Governor's Budget
 - 1. Maintain coverage for parents who would be otherwise be eligible for coverage in the exchange
 - 2. Cost \$22 million annually all funds, \$11.2 million in General Revenue
 - 3. Commissioner Koller asked how many adults were in that group, Ms. Nicolella responded 6,500 adults
 - 4. Lt. Governor asked how many people affordability problem number of people
- J. Options for Mitigation
 - 1. Right Care/ RIte Share monthly premium elimination
 - a) Generates \$4 million in annual revenue, half is returned to the Federal Government
 - b) Less disruption of care and greater administrative ease
 - 2. State support of QHP Premium and cost-sharing
 - a) Rite Share
 - (1) Existing infrastructure
 - (2) Medicaid funds for premium assistance for employer-sponsored care
 - (3) Proposal would then include those who were not Medicaid eligible
 - (4) The Lieutenant Governor asked if other states were planning to follow this route, Ms. Nicolella respond that Arkansas's plan was similar but not the same.
 - (5) Unclear if Federal financing is available
 - (6) Cost of state is variable based on population and scope of subsidy
 - 3. Bridge Plan (California)
 - a) Managed Care Organization that offer a Medicaid product to offer a qualified health plan in the Exchange on a limited-enrollment basis to certain populations
 - b) Low out of pocket premiums
 - c) No state funding required
 - d) Medicaid Managed Care
 - e) Commissioner Koller asked why the premiums will be lower, Ms. Nicolella stated that that was due to the use of Medicaid reimbursement rates.

4. Basic Health Plan
 - a) Explicitly allowed in ACA
 - b) State-run subsidized coverage for individuals below 200%
 - c) Federal guidance not available this year
5. Arkansas proposal
 - a) Uses the Exchange as delivery system not Medicaid
 - b) CMS response
 - (1) Coverage must be cost-effective
 - (2) Enrollment in commercial coverage cannot be a condition of eligibility
 - (3) Medicare beneficiaries must have a choice of two qualified plans
 - c) Could cause an increase in healthcare costs
 - d) Commissioner Koller asked if the population had a higher morbidity rate, Ms. Nicolella stated that she believed it did
6. Other option
 - a) Monitor take-up, utilization, and rates of uncompensated care to determine the scope of the problem
 - b) Establish robust data points, survey instruments to access which populations are at most risk
 - c) Take action to mitigate in the next legislative session
 - d) Commissioner Koller asked what the risks of this approach were, Ms. Nicolella responded that the affordability problem could be larger than anticipated.
 - e) The Lieutenant Governor asked how these individuals could be tracked, Ms. Nicolella stated that rising rates of private payment for providers who serve these populations would be an indication. The Lt. Governor stated that even still, identification of the population that needs assistance in affordability would be difficult since many may not access care without insurance.
 - f) Commissioner Koller and the Lt. Governor discussed charity care and uncompensated care which could be an indicator of unaffordable care.
 - g) The Executive Director of Health and Human Services stated that the question would be designing an approach
 - h) The Lieutenant Governor stated that specific agency responsibility was necessary to insure that these data were captured.

- i) Commissioner Koller stated that resources were needed to do so and that no government agency had specific responsibility for this problem.
- j) The Lieutenant Governor stated that this decision needed to be reached at a later time before the Executive Committee recommends a course of action
- k) The Director of Governor's Policy Office stated that after the next meeting on May 16th, only a week remained to alter the budget

III. Health Care Planning and Advisory Council- Kim Paull, Office of the Health Insurance

A. HCPAAC

- 1. Appointed advisory council that studies the state's health care needs and health care system capacity
- 2. The Executive Director of Health and Human Services, the Health Insurance Commissioner, and the Director of the Department of Health lead the commission

B. Inpatient Hospital Services

- 1. Lewin Group conducted research that the HCPPAC then developed into a report to the General Assembly
- 2. Findings
 - a) Potential excess supplies in beds due to decreasing population, lower use of inpatient services
 - b) 7.7% decrease in needed hospital care from 2010 to 2017
 - (1) When forecasting demand for inpatient beds the following factors were relevant
 - (a) Population changes
 - (b) Evolving patterns of inpatient utilization
 - (c) Primary care infrastructure
 - (d) Target occupancy rate
 - (e) The only increase in beds was in observation beds
 - (f) Lt. Governor asked about the criteria for observation beds and their significance as relates to reimbursement rates.
 - c) Models state that the range of bed capacity range from shortage of 64 to surplus of 338 in 2017. The expected number is a surplus of around 202 beds.
 - d) More patients from other states come to Rhode Island for hospital care than Rhode Islanders go to other states for care, but that gap is narrowing

- e) The savings associated with eliminating excess inpatient capacity would likely range from \$12 million when only incremental costs are considered to more than \$100 million when all hospital costs are eliminated
- f) The report makes no formal findings on ways to identify and address the types of excess inpatient capacity but does discuss potential options
- g) For certain procedures, there are generally accepted volume thresholds below which quality is likely to be compromised. For some procedures, some Rhode Island hospitals do not meet these thresholds.
- h) Individuals travel for healthcare in Rhode Island, most travel to Providence for care and few travel from Providence.
- i) Inpatient services are only half of a hospital's operating revenue, the rest comes from outpatient services
- j) Commissioner Koller discussed the effectiveness of the commission and how funding greatly assisted the commission in reaching these conclusions.

IV. State Innovation Model Design Award- Dan Meuse, Office of the Lieutenant Governor

- A. April 1st, project performance period began
- B. The project is named Healthy Rhode Island
- C. Several consultants have been retained for assistance
- D. The Lt. Governor stated that the members of HCPAAC have been involved in this project, which has been valuable.

V. Public Comment

- A. Linda Katz - Thanked the Lieutenant Governor and the Governor and stated that keeping parents in Right Care worth the \$11 million investment. Ms. Katz stated that in Rhode Island premiums are higher than other states and there is also a need to protect prevent disruption of coverage for especially children. Ms. Katz then stated that the \$2 million investment was necessary to protect children.
- B. No additional public comment, the Lieutenant Governor closed the meeting.

VI. Adjourn